



Centre d'Estudis Demogràfics

**THE IMPACT OF THE GLOBAL FINANCIAL CRISIS
ON MIGRATION TO AND REMITTANCE FLOWS
FROM SPAIN**

Marta ROIG
Joaquín RECAÑO

397

*PAPERS
DE
DEMOGRAFIA*

2012



Centre d'Estudis Demogràfics

**THE IMPACT OF THE GLOBAL FINANCIAL CRISIS
ON MIGRATION TO AND REMITTANCE FLOWS
FROM SPAIN**

Marta ROIG
Joaquín RECAÑO

397

Una versió del document es publicarà com a capítol de llibre a:
SIRKECI, Ibrahim; COHEN, Jeffrey H.; RATHA, Dilip (Eds.).
*Migration and Remittances during the Global Financial Crisis and
Beyond*. Washington, D.C.: The World Bank.

Centre d'Estudis Demogràfics

2012

Resum.- *L'impacte de la crisi financera mundial sobre la migració i els fluxos de remeses des d'Espanya*

Es descriuen els fluxos migratoris cap a Espanya i les remeses procedents d'Espanya, durant la crisi econòmica (2008-2010). També s'explora la influència de la migració més recent i les tendències del mercat de treball, sobre les diferents respostes que donen a la crisi, aspecte observat a partir dels fluxos de remeses cap als principals països de recepció, és a dir, cap a Bolívia, Colòmbia, Equador, Marroc i Romania. El document mostra que la migració i les remeses han seguit tendències una mica diferents des que va començar la crisi.

Paraules clau.- Fecunditat, comportament reproductiu, migració internacional, Amèrica Llatina, Espanya, Estats Units d'Amèrica.

Resumen.- *El impacto de la crisis financiera mundial sobre la migración y los flujos de remesas desde España*

Se describen los flujos migratorios hacia España y las remesas procedentes de España, durante la crisis económica (2008-2010). También se explora la influencia de la migración más reciente y las tendencias del mercado de trabajo, sobre las diferentes respuestas que dan a la crisis, aspecto observado a partir de los flujos de remesas hacia los principales países de recepción, es decir, hacia Bolivia, Colombia, Ecuador, Marruecos y Rumanía. El documento muestra que la migración y las remesas han seguido tendencias un poco distintas desde que comenzó la crisis.

Palabras clave.- Fecundidad, comportamiento reproductivo, migración internacional, América Latina, España, Estados Unidos de América.

Abstract.- *The impact of the global financial crisis on migration to and remittance flows from Spain*

This paper describes migration flows to Spain and remittance outflows from Spain during the economic crisis (2008-2010). It also explores the influence of recent migration and labour market trends in the different responses to the crisis observed in remittance flows to the main receiving countries, namely Bolivia, Colombia, Ecuador, Morocco and Romania¹. The paper shows that migration from and remittances to each of these countries have followed somewhat different trends since the crisis started.

Keywords.- Fertility, reproductive behavior, international migration, Latin America, Spain, Unites States.

¹ Data on remittance flows to the European Union (EU 15) are only available for the period 2005-2007. In 2007, remittances to the EU 15 constituted only 9.4 per cent of all remittances from Spain. Remittances to the United Kingdom (the main country of origin among the EU15) were only 1.6 per cent of the total.

INDEX

1.- Introduction	1
2.- Migration flows and the economic crisis	2
3.- Recent changes in international migration policies	5
4.- Trends in remittance flows from Spain	6
5.- Conclusion	15
Annex	16

LIST OF FIGURES

1.- Inflow of foreign-born persons by country of birth, 2004-2009	3
2.- Foreign-born population by country of birth (selected groups only), 2000-2010	4
3.- Outflows of remittances per quarter, in million euros and per foreign-born person, 2000-2010	7
4.- Outflows of remittances by country of destination, 2004-2009	8
5.- Unemployment by nationality, 2001-2010	13
1A.- Total inflow of foreign-born persons, 2004-2010	17
2A.- Population structure by country of birth, 2010	19

LIST OF TABLES

1.- Proportion of women and children among migrants entering Spain by country of origin, 2004 to 2009	10
1A.- Foreign population by country of birth, total and percentage of women, on 1 January 2010	18

THE IMPACT OF THE GLOBAL FINANCIAL CRISIS ON MIGRATION TO AND REMITTANCE FLOWS FROM SPAIN²

Marta ROIG³

roig@un.org

Joaquín RECAÑO

jrecano@ced.uab.es

1.- Introduction

Spain, a country of emigration for decades, has rapidly become one of the world's main countries of immigration. In January 2010, there were 6.6 million foreign-born persons in Spain, according to the population register; they represented 14 per cent of the total population. Right before the crisis hit, in 2007, migrants living in Spain sent nearly 8.5 billion euros back to their home countries,⁴ making Spain the fifth largest remittance sending country in the world in absolute terms, after the United States, Saudi Arabia, the Russian Federation and Switzerland.⁵

This paper describes migration flows to Spain and remittance outflows from Spain during the economic crisis. It also explores the influence of recent migration and labour market trends in the different responses to the crisis observed in remittance flows to the main

² This study has been carried out as part of the projects “La movilidad geográfica de la población extranjera en España: factores sociodemográficos y territoriales”(SEJ2007-61662) and “Inflexión del ciclo económico y transformaciones de las migraciones en España” (CSO2010-19177) funded by the ‘Plan Nacional de I+D+i’ of the Spanish Ministry of Science and Innovation.

³ Corresponding author.

⁴ Equivalent to approximately 12.5 billion US dollars using end-2007 nominal exchange rates. The World Bank estimates that outflows of remittances were higher, over 15 billion US dollars, in 2007 (see <http://www.worldbank.org/prospects/migrationandremittances>, accessed on 12 January 2011).

⁵ World Bank, *Migration and Remittances Factbook 2008: March 2009 update*, Washington DC: World Bank.

receiving countries, namely Bolivia, Colombia, Ecuador, Morocco and Romania.⁶ The paper shows that migration from and remittances to each of these countries have followed somewhat different trends since the crisis started.

2.- Migration flows and the economic crisis

The Spanish economy enjoyed a long period of growth from the early 1990s to 2008. While some European countries entered the recession in early 2008, Spain was able to maintain positive economic growth until the third quarter of 2008. Unemployment started to grow before that, in early 2008, with the number of persons unemployed increasing from 2.2 million in the first quarter of 2008 to 3.4 million in the fourth quarter of 2008, and peaking at 4.6 million –21 per cent of the labour force- in the second quarter of 2010.

Immigration grew rapidly during the years of prosperity and Spain became the main European country of destination in 2004.⁷ The inflow of migrants reached a peak in 2007, with close to 1 million entries recorded in the population register for the full year – including a record inflow of 200,000 migrants from Romania. Immigration started to decline in second quarter of 2007 and continued to fall until the end of 2009, stabilizing at some 120,000 entries per quarter in 2010.⁸ That is, the observed decline in immigration preceded the economic crisis.

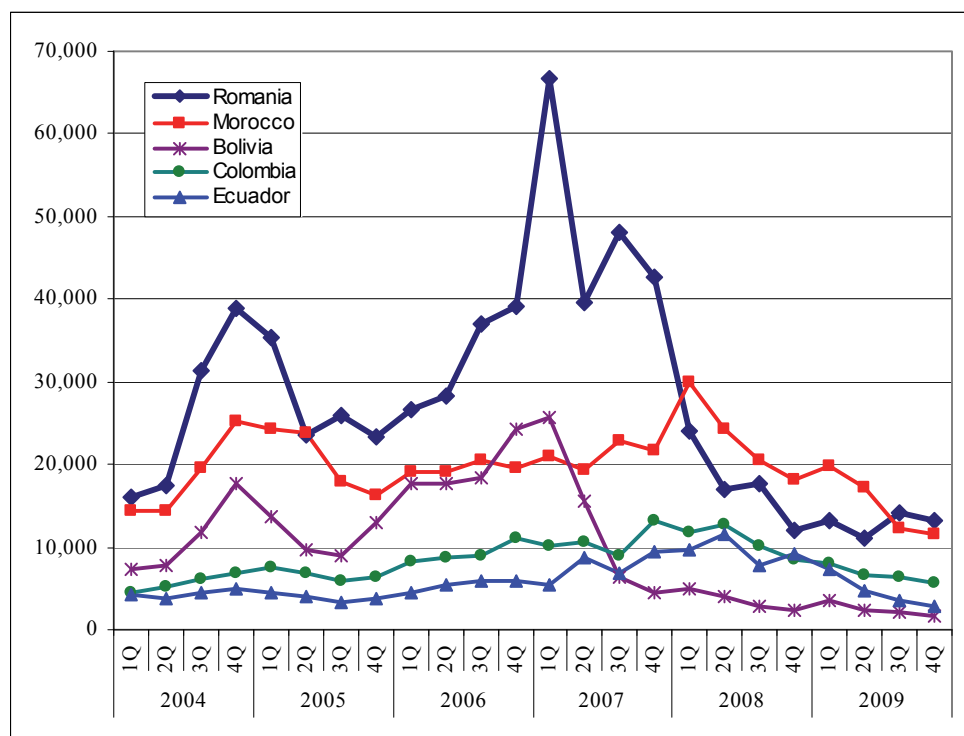
As shown in figure 1, such decline was due mainly to a rapid fall in immigration from Romania, which joined the European Union on January 1st 2007, and in the number of entries from Bolivia.⁹ Inflows from the other main origin countries, namely Morocco, Colombia and Ecuador, continued growing until early 2008.

⁶ Data on remittance flows to the European Union (EU 15) are only available for the period 2005-2007. In 2007, remittances to the EU 15 constituted only 9.4 per cent of all remittances from Spain. Remittances to the United Kingdom (the main country of origin among the EU15) were only 1.6 per cent of the total.

⁷ Eurostat Statistics Database, available at <http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home>. Accessed on February 1 2011.

⁸ Data on migration flows in 2010 are preliminary, based on population estimates by the National Statistics Institute. Available at: <http://www.ine.es/jaxi/menu.do?type=pcaxis&path=%2Ft20%2Fp259&file=inebase&L=>.

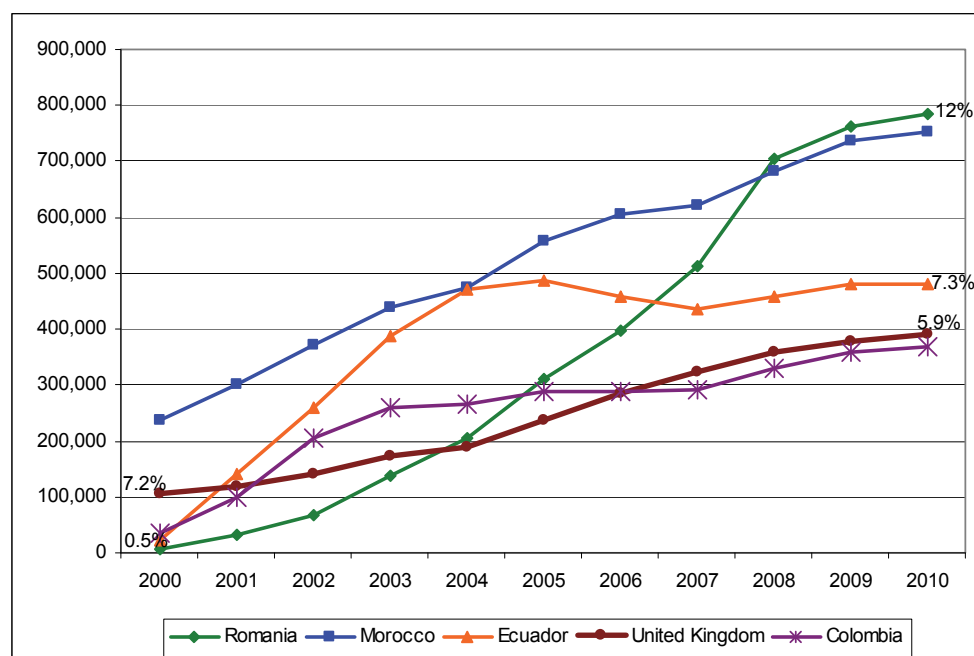
⁹ Section 2 gives an overview of policies that may have had an impact on these trends.

Figure 1.- Inflow of foreign-born persons by country of birth, 2004-2009

Source: Own calculations based on microdata from the population register ("Estadística de Variaciones Residenciales") for 2004-2009. Microdata available at: http://www.ine.es/prodyser/micro_varires.htm.

As a result of these trends, the total number of foreign-born persons grew rapidly until 2008, passing from 1.5 million in 2000 to 4.4 million in 2005 and reaching over 6 million in 2008, and has grown slowly since then. In 2010, Romania, Morocco, Ecuador, the United Kingdom and Colombia were the main countries of origin among the 6.6 million foreign-born, as shown in figure 2. The share of migrants from Latin America increased from 25 per cent in 2000 to 41 per cent in 2004 and fell to 36 per cent in 2010, with the number of Ecuadorians even declining from 2005 to 2007. The stock of Moroccan and other Northern African migrants has increased steadily since the 1990s and up to 2010, while the number of Romanians and other Eastern European migrants (mainly from Bulgaria, Poland and Ukraine) experienced a dramatic growth from 2000 and 2008 and has continued growing, although at a slower pace, in 2009 and 2010.

Figure 2.- Foreign-born population by country of birth (selected groups only), 2000-2010



Source: Population Register. Data available at

<http://www.ine.es/jaxi/menu.do?type=pcaxis&path=/t20/e245/p08/&file=pcaxis>. Accessed on 1 February 2011.

Note: Shown next to the data series for Romania, the United Kingdom and Ecuador is the percentage of migrants from these countries over all migrants in 2000 and 2010.

Although a majority of immigrants (52.5 per cent) are men, the composition of the foreign-born population by sex differs by group. While females constitute the majority of immigrants from Bolivia (58 per cent in 2010), Colombia (56 per cent) and Ecuador (51 per cent), they make for only 38 per cent of immigrants from Morocco and 47 per cent of immigrants from Romania¹⁰.

Many of these migrants are in an irregular situation. Namely, the number of foreigners with a valid residence permit was 4.7 million in September 2010¹¹, over 1 million below the number of foreigners enumerated by the population register. The number of

¹⁰ For additional information on the composition of the foreign-born population by age and sex see annex table 1 and annex figure 2.

¹¹ See <http://extranjeros.mtin.es/es/InformacionEstadistica/Informes/Extranjeros30Septiembre2010/index.html>, accessed on 1 February 2011.

applications lodged in the latest regularization process, which ended on 7 May 2005, was close to 700,000, or 1.1 million if dependants are included¹².

3.-Recent changes in international migration policies

Migration trends and the composition of migration flows are greatly influenced by the migration policy framework. Namely, based on Spain's first Immigration Law (*Ley de Extranjería*), approved in 1985, nationals of Latin America did not require a visa to enter the Schengen Area. However, starting in 1999, the European Union established the need for a Schengen visa for nationals of Cuba, Peru and the Dominican Republic; later on, it required a Schengen visa for nationals of, Colombia (since January 2002), Ecuador (August 2003) and Bolivia (April 2007).¹³ Each of these changes caused a significant increase in migration flows from the countries affected, in the months prior to the visa requirement coming into effect, and a decline in the number of entries afterwards –as shown in figure 1, migration from Bolivia peaked in the first quarter of 2007 and declined sharply after that.

Irregular migration has been an issue in Spain since immigration started to grow, in the early 1990s. As a result, successive Spanish Governments resorted to five exceptional regularization processes from 1991 to 2005. The wave of immigration observed from late 2004 to the first half of 2005 was partly motivated by the 2005 regularization campaign (*Proceso de Normalización de Trabajadores Extranjeros 2005*), which was the largest campaign carried out in Spain. In 2006, the Spanish Government put in place a new procedure which allows undocumented migrants to obtain a temporary residence permit if they meet certain conditions -such as being registered where they live, being well-established in their community, having family members or a job in Spain¹⁴. With the

¹² Sandell, R. (2005), Spain's quest for regular immigration. ARI no.64/2005, 18/05/2005, Real Instituto Elcano de Estudios Internacionales y Estratégicos.

¹³ Ministerio Nacional de Asuntos Exteriores y Cooperación. Information available from http://www.maec.es/es/MenuPpal/Consulares/ServiciosConsulares/InformacionaExtranjeros/Visados/Documentos/AnejoI_DIC09.pdf. Accessed on 11 March 2011.

¹⁴ The new procedure is called *Arraigo*, which may be translated as being well-established or having roots in the place of residence.

approval of this new procedure, regularization becomes an individual and permanent process.

In response to the economic crisis, the Spanish Government tightened provisions for family reunification in 2009, requiring a higher minimum income and stricter housing conditions from those aiming at bringing family members. The Government has also launched a new voluntary return-assistance programme. The programme, approved in November 2008, offers legal migrants who are eligible for unemployment benefits free transportation to their country of origin. Eligible migrants receive 40 per cent of their accumulated unemployment benefits prior to departure if they agree to surrender their work, residence permits and other Spanish documentation and must not return to Spain within three years of their departure. As of June 2009, the Government had approved some 4,000 principal applicants for the return programme only¹⁵.

The Spanish Government has strongly backed the European Pact on Immigration and Asylum launched by the Government of France and endorsed by all Heads of State of the European Union in 2008. The Pact argues for a comprehensive, European Union-wide approach to legal immigration and supports the application of a single, simplified procedure to attract highly-skilled migrants (the “Blue Card” proposal). It calls on Member States to enhance cooperation for the selective repatriation of undocumented migrants, stresses the need for more effective border controls and underscores the benefits of temporary (and circular) migration¹⁶.

4.- Trends in remittance flows from Spain

Quarterly outflows of workers’ remittances from Spain reached a maximum of 2.3 billion euros in the fourth quarter of 2007, right before the crisis hit, declined for the first time after a long period of growth in 2009, to a low of 1.6 million euros by the first quarter of

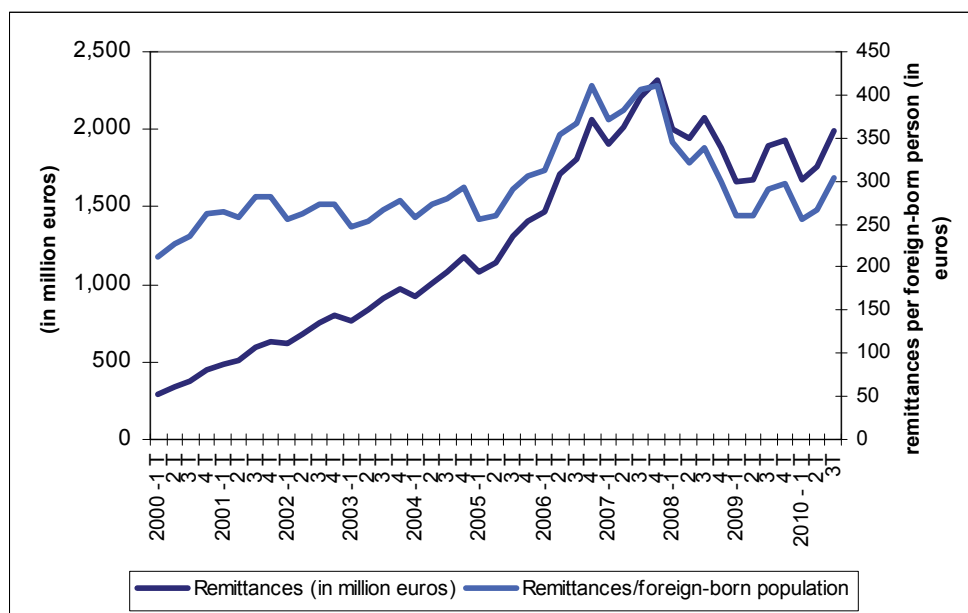
¹⁵ McCabe, K., S. Yi-Ying Lin and H. Tanaka, “Pay to Go: Countries Offer Cash to Immigrants Willing to Go”, *Migration Information Source*, Feature Story, November 2009. Available from: <http://www.migrationinformation.org/Feature/display.cfm?ID=749>. Information provided to the authors by Spanish authorities.

¹⁶ For further analysis on the European Pact and recent changes in Spain’s immigration policy, see Arango, J., 2010, “Después del Gran Boom. La inmigración en bisagra del cambio”, en

La inmigración en tiempos de crisis. Anuario de la Inmigración en España, Barcelona, CIDOB, pp. 53-73

2009, and have experienced a slow, erratic recovery after that, as shown in figure 3. The total outflows recorded increased by 4 per cent between the first three quarters of 2009 and the first three quarters of 2010. In relative terms, remittances in 2010 are not at an all-time low. Namely, quarterly remittance outflows relative to the migrant population hovered between 250 and 300 euros per capita until late 2005 (about 1,100 euros per year) as shown in figure 3, experienced a strong increase during 2006 and early 2007 and declined after that, fluctuating once again between 250 and 300 euros, at current prices, from the first quarter of 2009 on.

Figure 3.- Outflows of remittances per quarter, in million euros and per foreign-born person, 2000-2010



Source: Bank of Spain, Balance of Payments.

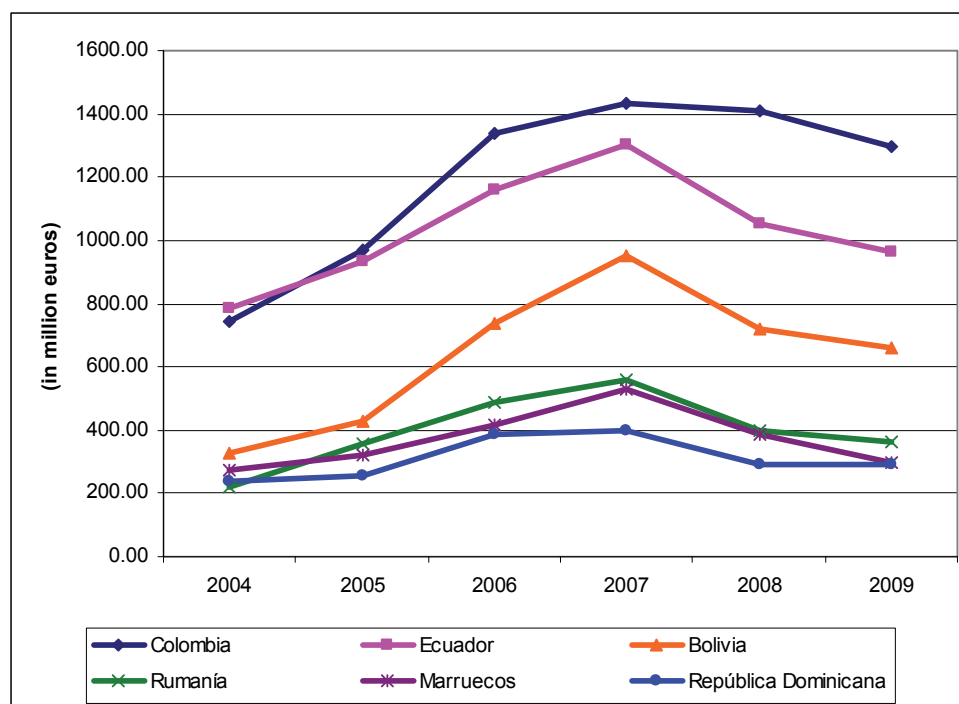
Data available at <http://www.bde.es/webbde/es/estadis/estadis.html>. Accessed on 15 January 2011.

Remittance levels and trends differ by country of destination.¹⁷ Colombia, Ecuador and Bolivia, the three main remittance-receiving countries, saw dramatic increases before the crisis, with total remittances from Spain almost doubling from 2004 to 2007 in the cases of

¹⁷ The Bank of Spain does not provide quarterly data on remittances by country of destination. The overview that follows is based on total annual flows.

Colombia and Ecuador, and almost tripling in the case of Bolivia, as shown in figure 4. Remittances to Romania and Morocco almost multiplied by two as well.

Figure 4.- Outflows of remittances by country of destination, 2004-2009



Source: Bank of Spain, Balance of Payments.

Data available at <http://www.bde.es/webbde/es/estadis/estadis.html>. Accessed on 15 January 2011.

In 2007, remittances to Bolivia and Colombia amounted to over 5,000 euros per migrant, remittances to Ecuador were close to 3,000 euros per migrant, migrants from Romania sent 1,200 euros per person while migrants from Morocco sent just over 900 euros per person. From 2007 to 2009, total remittance flows from Spain declined by more than 25 per cent in all cases but that of Colombia, which saw remittances decline by only 9 per cent during the period -from 1.43 billion euros in 2007 to 1.30 billion euros in 2009. Remittance flows to Morocco fell by over 40 per cent- from 528 million euros in 2007 to 299 million euros in 2009.

According to data from the Central Bank of Colombia, remittances to Colombia from the United States, which declined by over 25 per cent from 2008 to 2010, have experienced a larger drop than those from Spain, which fell by 13 per cent during the same

period¹⁸. While remittances from Spain increased by 17 per cent between the first and third trimesters of 2010, those from the United States increased by 2 per cent during the same period.

What explains differences in remittance flows from Spain by country of destination?

1.- Family reunification was not a massive response to the crisis; on the contrary, immigrants from selected countries sent family members back home, according to the existing data

The existing evidence shows that having a spouse and children outside the country of residence have a strong impact on the amount remitted.¹⁹ It is possible that, in response to the crisis, some groups of migrants opted for bringing their family to Spain and reduced the amount remitted to their countries of origin. There are practically no official data on family reunification, as it is not a formal category among long-term residence permits. However, sudden changes in the composition of migration flows by age and sex, as recorded by the Continuous Population Register, may suggest a wave of family reunification.

Overall, the proportion of women in all migrant flows varies significantly by group. Namely, women constitute 55 per cent of all Latin American migrants arrived during the period 2004-2009, on average, while a large majority of Moroccan migrants are men –only 34 per cent are women-. The proportion of children is larger among Colombian and Ecuadorian migrants than among the other two major migrant groups. However, the crisis has not brought about significant changes in the composition of migration flows by sex or by age among these groups so far (from 2007 to 2009), suggesting that family reunification has not been a major response by migrants to the crisis so far.

¹⁸ Banco de la República de Colombia, Encuesta Trimestral de Remesas, available at http://www.banrep.gov.co/estad/dsbb/remesas_paises.xls. Accessed on 30 December 2010.

¹⁹ See, for instance, A. Bollard and others, “Remittances and the Brain Drain Revisited: The microdata show that more educated migrants remit more”, Center for Research and Analysis of Migration, Discussion Paper no. 26/09, 2009; and A. Echazarra, “Accounting for the time pattern of remittances in the Spanish context”, Remesas.org Working Paper no. 5- 2010, January 2011. Available at <http://www.remesas.org>.

Table 1.-Proportion of women and children among migrants entering Spain by country of origin, 2004 to 2009

	Proportion of females					Proportion of children (0-14)				
	Romania	Morocco	Colombia	Ecuador	Bolivia	Romania	Morocco	Colombia	Ecuador	Bolivia
2004	46.6	31.3	53.6	49.6	55.9	9.4	13.1	21.7	13.0	11.5
2005	48.3	33.8	53.0	48.8	57.8	11.7	13.7	21.2	24.4	15.6
2006	47.9	36.1	53.4	48.1	55.5	13.1	13.5	18.0	23.9	14.6
2007	43.3	34.4	51.6	47.9	54.3	11.8	12.4	17.3	25.8	11.1
2008	47.3	35.6	51.4	47.7	53.8	13.9	11.9	15.2	23.1	9.3
2009	48.9	37.8	51.9	48.1	51.3	11.1	12.0	16.4	20.0	9.9

Source: Own calculations based on microdata from the population register ("Estadística de Variaciones Residenciales") for 2004-2009. Microdata available at: http://www.ine.es/prodyser/micro_varies.htm.

It has also been suggested that the crisis actually triggered a return of family members to their countries of origin, as a strategy to reduce household expenditure and diversify risk.²⁰ The reliability of data on migration outflows from Spain is questionable, as migrants often do not de-register before living. Data on the migrant stock by age shows that, from 2008 to 2010, the number of children aged 0 to 14 declined significantly among Bolivian, Colombian and Ecuadorian immigrants (by 21 per cent, 12 per cent and 18 per cent, respectively) while it continued to grow among Romanian and Moroccan immigrants (by 4 per cent and 7 per cent, respectively). The fact that Latin American immigrants sent dependants back home in larger numbers could explain why remittances to these countries remained higher than those sent to Romania or Morocco during the crisis –although it does not make clear why remittances to Colombia remained more stable than does sent to Bolivia or Ecuador.

2.- A stronger presence women among Latin American immigrants may contribute to higher remittances to Latin America

Research conducted before the crisis indicates that migrant women remit more than migrant men, even though men constitute a majority of migrants as well as a majority of

²⁰ Lynch, Alicia (2010). "Estrategias de remesas de los emigrantes frente a la crisis". Remesas.org Working Paper no.2 -2010, January 2010. Available at <http://www.remesas.org>.

remitters.²¹ In 2006, migrant women sent 4.2 million euros to their countries of origin, while migrant men remitted 2.6 million euros. Women remitted smaller amounts, but did so more often than men. Additional research has shown that remittances sent by women from Spain to Colombia are more often assigned to health and education expenses than those sent by men.²² A stronger presence of women among Latin American migrants may explain why Colombians or Ecuadorians remit more than other groups, but it does not make clear why remittances to Colombia have been more resilient to the crisis than those sent by all other major Latin American groups.

3.-. The cost of sending remittances differs by country of destination and by place of residence, but such differences do not explain why remittances to Colombia have been most resilient to the crisis

The cost of sending remittances may also have affected how much migrants remitted before and during the crisis. In 2008, the average cost of sending remittances to Morocco (8.4 per cent for an average remittance of 135 euros) was higher than that of remitting to Colombia (6.8 per cent), Ecuador (6.7 per cent) or Romania (6.6 per cent)²³. However, remittance fees to Morocco declined significantly during the crisis –to reach 5.8 per cent in the third quarter of 2010- while the cost of remitting to Colombia and Ecuador remained close to 6 per cent. Yet the amount of remittances sent to Morocco dropped significantly while remittances to Colombia proved resilient to the crisis.

Remittance costs are not uniform across the country. Madrid –which is home to 50 out of the 61 money-transfer companies registered in Spain- offers the lowest remitting costs in the country and, more generally, in Europe.²⁴ Lower costs and better access to money-transfer agencies make it easier for immigrants in Madrid to remit regularly and more often

²¹ Moré, I., A. Echazarra, B. Halloufi and R. Petru (2008). *Cuantificación de las Remesas Enviadas por las Mujeres Migrantes desde España*. Resumen, Madrid, June 2008. Available at: <http://www.remesas.org/files/RemesasMujeresBrief.pdf>. The study is based on a sample of 55,443 remittances sent during 2006 through 11 major money-transfer companies.

²² UN-INSTRAW and IOM (2008) *Gender and Remittances: Colombian Migration from the Central Western Metropolitan Area (AMCO) to Spain*

²³ Data on remittance costs are taken from the World Bank Group's database Remittance Prices Worldwide. Available at <http://remittanceprices.worldbank.org/Country-Corridors>. Accessed on 2 February 2011.

²⁴ “¿Cuanto cuesta enviar una remesa desde Europa?” Informe de Remesas.org para la Consejería de Inmigración y Cooperación de la Comunidad de Madrid, Febrero 2009. Available at: http://www.remesas.org/files/Resumen_Informe_precios_remesas2.pdf.

than those living in other parts of Spain. A survey based on a sample of 1,071 foreign-born persons and 20 money-transfer agencies suggests that remittance flows from Madrid, which declined by 5.4 per cent from 2008 to 2009, were more resilient at the onset of the crisis than those sent from the rest of Spain –on average, remittance outflows from Spain declined by 9.5 per cent during the same period²⁵. In January 2010, 33 per cent of Ecuadorian immigrants living in Spain resided in Madrid; so did about 25 per cent of Bolivian, Colombian and Romanian immigrants and only 12 per cent of Moroccans. That is, place of residence may have contributed to a lower propensity to remit among Moroccan migrants, but it does not explain why remittances sent by Colombian immigrants have been most resilient.

4.- The Colombian peso lost less value than other currencies during the two first years of the crisis

According to data by the Bank of Spain and the IMF on monthly exchange rates of the euro to selected currencies, the Colombian peso appreciated by 6 per cent, on average, between 2007 and 2009, the US dollar (Ecuadorian currency) appreciated by 1 per cent while the Bolivian boliviano depreciated by 9 per cent and the exchange rate of the Moroccan dirham remained practically constant²⁶. In addition, fluctuations in the exchange rate of the Colombian peso against the euro were less significant than those suffered by the boliviano or the US dollar. This may have contributed to the stability of remittance flows to Colombia and may also make an eventual return to the home country more attractive. However, the Colombian peso depreciated by 16 per cent against the euro from 2009 to 2010. The impact of this shock on remittance flows during 2010 remains to be seen.

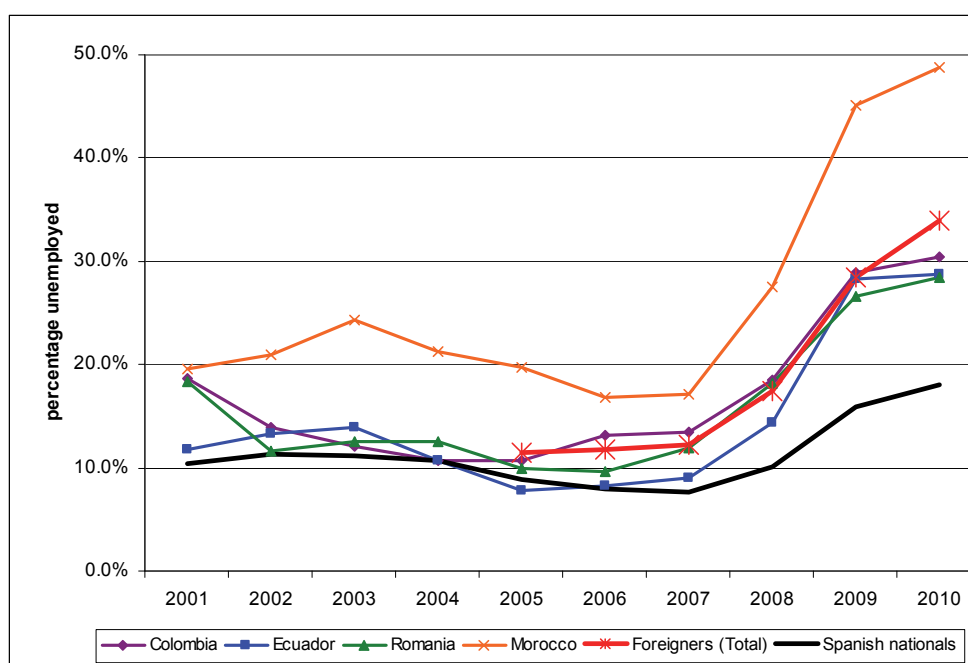
²⁵ Comunidad de Madrid, “Cuantificación de las remesas de emigrantes enviadas desde la Comunidad de Madrid en 2009”, Madrid, Febrero-marzo 2010. Available at http://www.remesas.org/files/Informe2010_d.pdf.

²⁶ Bank of Spain, *Eurosistema, Estadísticas Complementarias*. Available at: http://www.bde.es/webbde/es/estadis/infoest/tc_1_3e.pdf. Accessed on 10 May 2011.

5.- Moroccan workers were particularly hard-hit by the crisis while Latin American workers, who are strongly represented in the services' sector, have weathered the crisis better

Some groups of migrants fared better than others in the labour market once the crisis hit. Unemployment has generally been higher among foreigners than among nationals, and the crisis has heightened the differences between groups. As shown in figure 5, while the unemployment rate increased from 7.6 per cent in 2007 to 18.0 per cent in 2010 among Spanish workers, it grew from 11.5 per cent to 33.9 per cent among foreigners during the same period ²⁷. The record-high unemployment rate observed among Moroccans (close to 50 per cent in 2010) may explain why remittances to Morocco have declined faster than those sent by other groups. However, it does not explain why remittances to Colombia have been more stable, since unemployment levels and trends among Colombians are comparable to those observed among other major migrant groups.

Figure 5.- Unemployment by nationality, 2001-2010



Source: Own calculations based on microdata from the Labour Force Surveys ("Encuesta de Población Activa") for 2001-2010. Microdata available at: http://www.ine.es/prodyser/micro_epa.htm

It has been suggested that participation in the informal economy is keeping migrants afloat²⁸. The size of the informal economy was estimated at 23 per cent of Spain's GDP in 2008, and migrants are overrepresented in the largest informal sectors, namely construction and services. Could some groups of migrants have fared better than others in the informal economy during the crisis? Survey data on employment trends in the formal and informal sectors combined show that total employment fell the most in the construction sector (by 24 per cent from the fourth quarter of 2008 to mid-2009 alone, and by 14 per cent from mid-2009 to mid-2010) and significantly in the industrial sector, while it kept on growing in the services' sector for most of the period, only declining by 5 per cent from late 2008 to mid-2009, and in agriculture²⁹. Information on the distribution of foreigners by sector of the economy and occupation indicates that the share of migrants in the services' sector is significantly higher among Latin Americans than among all other migrant groups: two thirds of Latin American migrants, including close to 90 per cent of Latin American women, worked in personal services, catering, security and sales, on average, in 2005-2010, with a high percentage of them in domestic services. The proportion of all other non-EU migrants working in services was 40 per cent, on average, during the same period³⁰.

According to recent labour market trends, migrant employment is recovering. During the second and third trimesters of 2010, immigrants gained more jobs (109,000) than natives (42,000), even though they constitute 17 per cent of the labour force³¹. Employment grew by 10 per cent in the construction sector among migrants (while it declined for natives) and by 4 per cent in services³². Based on these trends, remittances should continue growing in the last quarter of 2010 and during 2011, although it is too soon to determine whether the recovery will be long-lasting.

²⁷ The information provided by the Economically-Active Population Survey (*Encuesta de Población Activa*) is only available by country of citizenship of workers in the sample.

²⁸ See, for instance, Centro de Información para Trabajadores Extranjeros, CCOO, Memoria 2009, available at <http://www.ccoo.cat/cite/documentacio/memoria2009/index.htm>.

²⁹ Manpower, "El mercado de trabajo en los trimestres centrales de 2010 y el impacto de la crisis en las CCAA", Índice Laboral Manpower, No. 37, December 2010. The analysis is based on data from the Economically Active Population Survey.

³⁰ Information on the distribution of foreigners by sector of the economy and occupation is only available by major regional group (Latin America and the Caribbean, European Union, other European countries, and rest of the world).

³¹ Ibid.

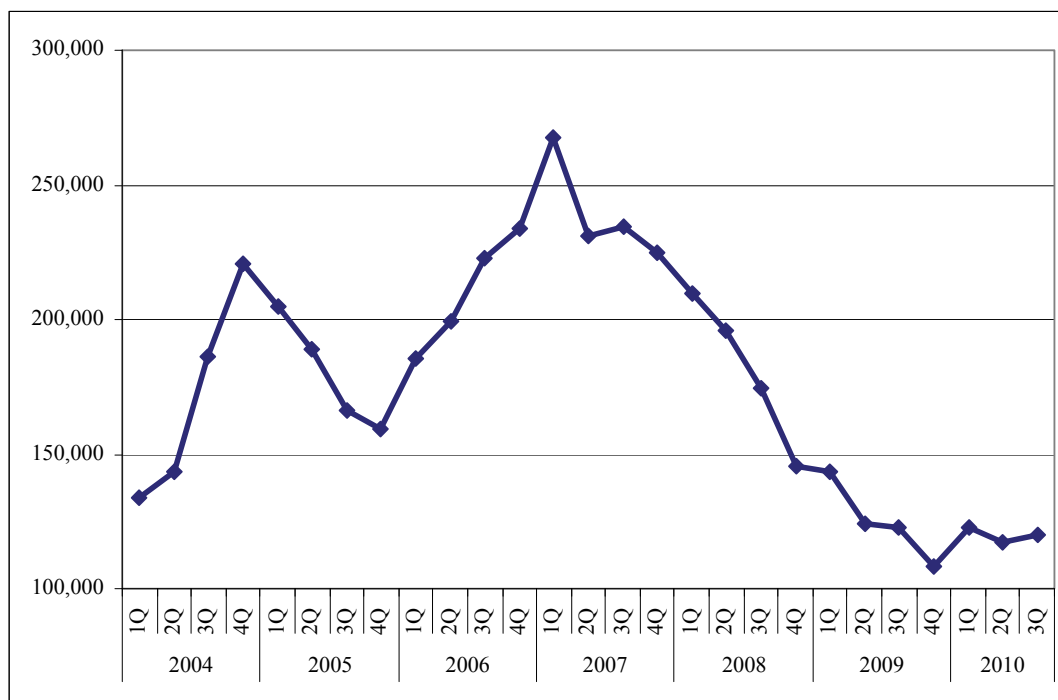
³² Ibid.

5.- Conclusion

In conclusion, the inflow of migrants to Spain started to decline before the onset of the economic crisis. Political and policy changes, that is, the entry of Romania into the European Union, in January 2007, and the requirement of an entry visa for Bolivians, starting in April 2007, are the main causes of the strong decline in immigration observed in 2007. Migration flows continued to decline, although at a slower pace, during the first years of the crisis.

The propensity to remit is higher among Latin American migrants from the countries selected than among Moroccans or Romanians. In addition, remittances to Latin America, particularly Colombia, have also been more resilient to the recent economic shock. The impact of the crisis on various currencies and differences in unemployment trends among each group partly explain the different responses to the crisis observed in remittance flows to the countries selected. But other mechanisms may be at play. While the higher participation of Latin American migrants in services' jobs that have been less affected by the crisis may have kept these migrants afloat, even if they have subsisted mainly in the informal economy, we cannot discard the influence of different behaviours in the response of migrants to the crisis. It is possible, for instance, that remittances sent by women, who represent a majority of Latin American migrants, are more resilient than those sent by men. It is also possible that some groups of migrants –Colombians, in particular- may have sent their children back home and continued to send remittances despite increasing economic hardship in preparation for an eventual return. All in all, this initial overview based on aggregate-level data suggests the propensity of migrants to remit is not determined by macroeconomic factors only.

Figure 1.- Total inflow of foreign-born persons, 2004-2010



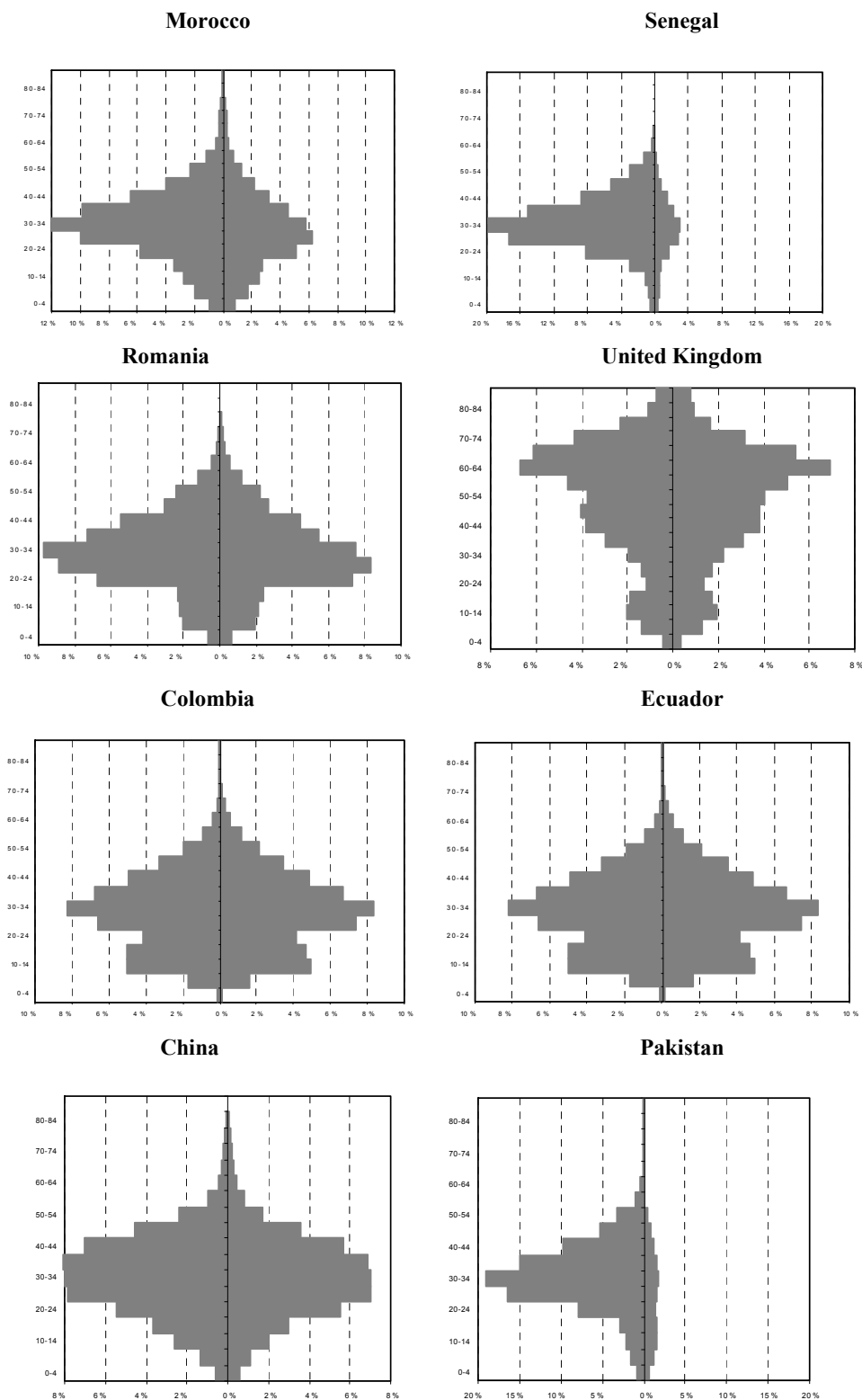
Source: INE, Microdata of Estadística de Variaciones Residenciales (2004-2009) available at: http://www.ine.es/prodyser/micro_varires.htm. Own calculations. For 2010: flows based on population estimates by the National Statistics Institute. See: <http://www.ine.es/jaxi/menu.do?type=pcaxis&path=%2Ft20%2Fp259&file=inebase&L=>.

Table 1.- Foreign population by country of birth, total and percentage of women, on 1 January 2010

Country of birth	Total	% male	Country of birth	Total	% male
Total	5.747.734	52,50%	Kenya	1.225	32,70%
Europe	2.679.456	52,00%	Liberia	626	75,40%
European Union	2.459.180	52,70%	Mali	23.011	93,40%
Germany	178.402	49,90%	Morocco	645.156	61,80%
Austria	9.450	48,30%	Mauritania	10.781	82,20%
Belgium	33.282	51,20%	Nigeria	37.684	62,10%
Bulgaria	161.599	53,90%	Democratic Rep. Of Congo	1.262	62,30%
Cyprus	258	59,70%	Senegal	57.852	84,90%
Denmark	12.021	51,40%	Sierra Leone	998	69,30%
Slovenia	1.127	51,80%	South Africa	1.662	54,80%
Spain	364.392	51,60%	Togo	439	72,40%
Estonia	1.409	39,90%	Tunisia	2.140	68,20%
Finland	12.255	45,20%	Rest of Africa	4.713	56,50%
France	103.574	50,60%	America	1.843.720	45,30%
Greece	3.917	64,30%	Central America and Caribe	200.252	40,20%
Hungary	8.253	48,40%	Costa Rica	1.950	45,80%
Ireland	16.180	52,40%	Cuba	57.111	45,10%
Italy	90.337	62,50%	Dominica	546	36,60%
Latvia	3.247	42,70%	El Salvador	5.926	40,00%
Lithuania	20.855	52,20%	Guatemala	4.184	41,70%
Luxembourg	730	54,50%	Honduras	26.209	30,00%
Malta	255	55,30%	Nicaragua	11.975	26,20%
Netherlands	46.217	52,50%	Panama	2.424	42,90%
Poland	80.540	52,20%	Dominican Republic	89.026	41,70%
Portugal	125.702	63,50%	Rest of Central America and Caribe	901	48,90%
United Kingdom	366.379	50,70%	North America	52.166	45,70%
Czech Republic	9.067	43,90%	Canada	3.074	44,60%
Slovakia (Slovak Republic)	7.826	47,50%	United States	22.866	49,80%
Romania	781.343	52,70%	Mexico	26.226	42,10%
Sweden	20.563	45,50%	South America	1.591.302	45,90%
European Countries (Non EU)	220.276	44,80%	Argentina	187.104	51,50%
Albania	1.712	60,00%	Bolivia	206.635	42,40%
Andorra	1.033	49,60%	Brazil	121.287	38,20%
Armenia	10.924	52,90%	Chile	47.316	49,70%
Belarus	3.434	35,00%	Colombia	292.212	44,50%
Bosnia and Herzegovina	1.600	52,00%	Ecuador	387.367	49,40%
Croatia	1.553	50,80%	Paraguay	84.323	32,70%
Georgia	10.571	55,70%	Peru	141.309	49,20%
Iceland	1.338	48,40%	Uruguay	59.020	50,60%
Liechtenstein	53	54,70%	Venezuela	64.443	43,10%
Macedonia, Rep. of	501	51,50%	Rest of South America	286	43,40%
Moldova, Republic of	17.317	51,20%	Asia	292.786	61,30%
Noruega	17.832	50,10%	Saudi Arabia	369	60,20%
Russian Federation	48.910	30,70%	Bangladesh	10.434	81,30%
Serbia	3.150	52,40%	China	137.020	53,80%
Switzerland	18.424	49,50%	Korea, Republic of (South Korea)	2.781	43,20%
Turkey	2.962	64,90%	Philippines	26.402	38,60%
Ukraine	78.706	45,80%	India	31.692	72,30%
Rest of Europe	256	53,10%	Indonesia	1.918	57,40%
Africa	928.602	65,40%	Iran (Islamic Republic of)	3.514	61,30%
Angola	3.562	58,00%	Iraq	1.195	62,80%
Algeria	54.146	70,40%	Israel	1.983	61,30%
Benin	371	71,40%	Japan	5.120	38,30%
Burkina Faso	1.055	77,30%	Jordan	887	67,60%
Cape Verde	3.456	44,30%	Kazakhstan	969	39,70%
Cameroon	5.454	64,50%	Lebanon	1.616	62,00%
Congo, Republic of (Brazzaville)	2.059	63,60%	Nepal	2.454	80,00%
Ivory Coast	2.941	77,40%	Pakistan	54.834	85,80%
Egypt	3.151	73,30%	Syria, Syrian Arab Republic	2.373	63,80%
Ethiopia	1.012	52,00%	Thailand	1.439	22,40%
Gambia	17.438	82,90%	Vietnam	703	53,30%
Ghana	14.833	84,60%	Rest of Asia	5.083	49,60%
Guinea	10.937	75,20%	Oceania	3.170	53,40%
Equatorial Guinea	14.043	34,90%	Australia	2.189	51,50%
Guinea-Bissau	6.595	80,20%	New Zealand	795	57,90%

Source: Population register. Data available at
<http://www.ine.es/jaxi/menu.do?type=pcaxis&path=%2Ft20%2Fe245&file=inebase&L=>

Figure 2.- Population structure by country of birth, 2010



Source: INE, Population register, Data available at <http://www.ine.es/jaxi/tabla.do?path=/t20/e245/p04/a2010/10/&file=00000009.px&type=pcaxis&L=0>